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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC PRIORITY 5494

C O N F I D E N T I A L SECTION 1 OF 5 BUDAPEST 0792

E.O. 11652: GDS

TAGS: PFOR, HU

SUBJ: MARCH 10 CONVERSATION WITH FONMIN PUJA: BILATERAL RELATIONS

REF: BUDAPEST 755, BUDAPEST 0789

1. THE SECOND PORTION OF MARCH 10 MEETING WITH HUNGARIAN FOREIGN MINISTER TURNED TO BILATERAL RELATIONS AND PUJA CONTINUED TO SPEAK FROM PREPARED NOTES.

2. PUJA BEGAN BY SAYING THAT GOH APPRECIATED MCAULIFFE'S STATEMENTS ON MANY OCCASIONS--AND ALSO IN HIS TALK WITH FIRST SECRETARY KADAR--THAT HIS INSTRUCTIONS FROM PRESIDENT FORD WERE TO WORK TOWARD FULL NORMALIZATION OF RELATIONS WITH HUNGARY. LAST YEAR MUCH PROGRESS WAS ACHIEVED. IT REPRESENTED CONTINUATION OF TREND WHICH HAD BEGUN BEFORE MCAULIFFE'S ARRIVAL. PUJA'S TALKS WITH SECRETARY KISSINGER, DEPUTY SECRETARY INGERSOLL AND OTHER HIGH-LEVEL U.S. VISITORS CONVINCED HIM THAT THE UNITED STATES IS NOT ONLY READY TO NORMALIZE RELATIONS BUT TO FURTHER DEVELOP BILATERAL TIES. PUJA SAID HE HOPED THAT USG WAS PERSUADED THAT SAME POLICY AND DESIRE MOTIVATED GOH.

3. VISITS: THE SEVERAL HIGH-LEVEL VISITS IN 1975 WERE
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MOST HELPFUL AND CONSTRUCTIVE; AND THE GOH WOULD BE HAPPY

IF THESE VISITS WERE TO CONTINUE. PREPARATIONS ARE NOW UNDER WAY FOR DEPUTY PRIMIN SZEKER'S VISIT TO THE U.S. AND HE BELIEVES THIS VISIT WILL ALSO CONTRIBUTE TO FURTHER IMPROVEMENT OF BILATERAL RELATIONS. GOAL IN THESE VISITS SHOULD BE TO GIVE EVER MORE SUBSTANCE TO THEM OVER AND ABOVE EXCHANGE OF VIEWS WHICH HAVE ALREADY BEEN USEFUL IN AND OF THEMSELVES. VISITS OF DEPUTY AGRICULTURE MINISTER VANCSEA AND CUSTOMS CHIEF SZALAI ARE ALSO IN PREPARATION. POSSIBLE VISIT BY STATE SECRETARY OF FOREIGN AFFAIRS MARJAI IS UNDER ACTIVE CONSIDERATION AND GOH IS ALSO KEEPING IN MIND FOR FUTURE REFERENCE INVITATIONS EXTENDED TO DEPUTY PRIMIN HAVASI, TO AGRICULTURE MINISTER ROMANY AND TO FOREIGN TRADE MINISTER BIRO.

4. CONGRESSIONAL-PARLIAMENTARY VISITS: TURNING TO CONGRESSIONAL VISITS, PUJA SAID THAT TO DATE ALL HAVE BEEN IN ONLY ONE DIRECTION. IT WOULD BE GOOD TO MAKE THESE MUTUAL ALSO AND TO ELEVATE THEM TO AN OFFICIAL LEVEL. HE BELIEVED THAT AFTER PROPER PREPARATION IT WOULD BE DESIRABLE TO HAVE SUCH AN EXCHANGE OF PARLIAMENTARIANS IN 1977.

5. PROGRESS: PUJA THEN TICKED OFF EVENTS WHICH REPRESENTED PROGRESS DURING 1975: SETTLEMENT OF BOND ISSUE, LIFTING OF TRAVEL RESTRICTIONS, JOINT SESSION OF US-HUNGARIAN CHAMBERS OF COMMERCE, RESOLUTION OF THE TEXTILE TRADE QUESTION, AND INITIATION OF CULTURAL/SCIENTIFIC EXCHANGE AGREEMENT NEGOTIATIONS.

6. MFN: ALL IN ALL, PUJA SAID, GOH EVALUATES DEVELOPMENTS IN BILATERAL RELATIONS AS HIGHLY POSITIVE AND WOULD LIKE TO PROGRESS FURTHER. GOH APPRECIATES THAT MFN IS CONGRESSIONAL PROBLEM AND THAT USG SUPPORTS AN EARLY SOLUTION. HE HAD RAISED MFN IN HIS TALK WITH SECRETARY KISSINGER STRESSING THAT NORMALIZATION OF ECONOMIC RELATIONS WOULD ALSO FURTHER POLITICAL PROGRESS. ALSO REMOVAL OF OBSTACLES TO TRADE FORMS A PART OF CSCE FINAL DOCUMENT. GOH IS NOT COMPLAINING; IT IS PATIENT AND IT IS NOT OVER-DRAMATIZING SITUATION. GOH IS PLEASED THAT SECRETARY KISSINGER AND USG UNDERSTAND THAT HUNGARY

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CANNOT AS MATTER OF PRINCIPLE ACCEPT MFN WITH ANY PRECONDITIONS EVEN IF THE MOST PROBLEMATIC OF THESE, THE ONE DEALING WITH EMIGRATION, WERE NOT TO EXIST. PUJA HOPES THAT, AFTER THE ELECTIONS, THESE OBSTACLES WILL BE REMOVED.

7. CROWN OF SAINT ISTVAN: NEXT PUJA MENTIONED THE ROYAL CROWN, OBSERVING THAT SUBJECT HAS COME UP IN EVERY HIGH-

LEVEL CONVERSATION LATELY. PRIMIN LAZAR HAD TOUCHED ON IT WITH SECRETARY MORTON AND WITH MCAULIFFE; AND PUJA HIMSELF HAD MENTIONED IT FIRST TO SECRETARY KISSINGER AND THEN TO DEPUTY SECRETARY INGERSOLL. "THE RETURN OF THE CROWN WOULD CLEARLY CONTRIBUTE TO AN IMPROVED POLITICAL ATMOSPHERE". SECRETARY KISSINGER AND DEPUTY SECRETARY INGERSOLL HAD PROMISED HIM THAT EACH WOULD EXAMINE QUESTION AND RETURN TO IT AT AN OPPORTUNE MOMENT. WHILE THE GOH IS AWAITING AN ANSWER IT DOES NOT WISH TO MAKE IT MORE DIFFICULT FOR THE UNITED STATES TO EFFECT THE RETURN OF THE CROWN. HUNGARY'S PATIENT ATTITUDE REFLECTS THAT POSITION. HOWEVER, PUJA THEN SAID THAT GOH IS NOW DEBATING WHETHER A MORE OFFICIAL EXPLICIT, GOVERNMENT-TO-GOVERNMENT REQUEST FOR THE CROWN SHOULD NOT BE MADE, SUCH AS THE PRESENTATION OF A FORMAL NOTE ON THE SUBJECT. WHILE THE GOH BELIEVES THAT SUCCESSIVE ORAL REQUESTS BY KADAR, LAZAR AND PUJA ARE OFFICIAL ENOUGH, HE WOULD WELCOME MCAULIFFE'S VIEWS ON THE POINT AND SOME USEFUL INDICATION OF WASHINGTON'S ATTITUDE.

8. FLOUR DEBT (JOHNSON ACT): TURNING TO OTHER SUBJECTS, PUJA SAID THAT THE GOH WILL PRESENT USG WITH ITS PROPOSALS ON SETTLING WORLD WAR I FLOUR DEBT IN VERY NEAR FUTURE (BUDAPEST 172). GOH IS DETERMINED TO FREE ITSELF FROM STRICTURES OF JOHNSON ACT, HE SAID.

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9. CSCE IMPLEMENTATION: ON HELSINKI, PUJA REITERATED THAT HE SAW AT PRESENT NO PROBLEMS ON PRINCIPLES, ON INTERPRETATION OF THOSE PRINCIPLES, OR ANY LACK DESIRE OF EITHER GOVERNMENT TO IMPLEMENT WHOLE DOCUMENT. HOWEVER, IT WAS HIS IMPRESSION THAT U.S. SIDE IS UNDERSTANDABLY MORE ACTIVE IN PUSHING THOSE PARTS WHICH ARE IN ITS OWN INTEREST AND THOSE WHICH ARE OF MUTUAL INTEREST, BUT THAT OTHER ASPECTS WHICH ARE PRIMARILY IN THE HUNGARIAN INTEREST HAVE BEEN RELEGATED TO THE BACKGROUND. IT IS DESIRABLE TO GATHER ALL THESE ELEMENTS TOGETHER AND TALK ABOUT THEM IN AN ORDERLY COMPREHENSIVE WAY. GOH FOR ITS PART PLANS TO INITIATE SUCH DISCUSSION WITHIN ONE TO TWO MONTHS; AND IT EXPECTS TO HEAR U.S. PROPOSALS AT THAT TIME. THESE DISCUSSIONS MAY LEAD TO NEED FOR FURTHER TALKS BETWEEN EMBASSY BUDAPEST AND MFA, DIRECTLY BETWEEN REPRESENTATIVES OF DEPARTMENT OF STATE AND MFA, OR BETWEEN HUNGARIAN EMBASSY WASHINGTON AND DEPARTMENT, WHICHEVER IS MOST CONVENIENT.

10. TRADE: ON ECONOMIC SUBJECTS PUJA EXPRESSED PLEASURE THAT DESPITE LACK OF MFN, BOTH SIDES ARE ACTIVELY SEEKING TO INCREASE COMMERCIAL CONTACTS AND TO EXPAND RELATIONS IN THOSE AREAS NOT LIMITED BY CONGRESS AND LACK OF MFN. MUCH DEPENDS, PUJA SAID, ON FLEXIBILITY AND GOOD WILL;
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AND GOH HAS NOTED WITH PLEASURE AND APPROVAL POSITIVE U.S. ATTITUDE AND FLEXIBILITY ON SUCH QUESTIONS AS BOND ISSUE AND THE TEXTILE AGREEMENT. FURTHER ENCOURAGEMENT OF ENTERPRISES WHICH WISH TO SEEK NEW AREAS OF COOPERATION IS MOST IMPORTANT.

11. INFORMATION QUESTION: TURNING TO INFORMATION QUESTION, PUJA SAID GOH NOW READY IN SPIRIT OF HELSINKI TO SETTLE THE QUESTION OF INFORMATIONAL ACTIVITIES OF AMERICAN EMBASSY IN BUDAPEST ON A RECIPROCAL BASIS. TWO WEEKS HENCE AMBASSADOR OR CHARGE SHOULD CONFER WITH DEPFONMIN JANOS NAGY, WHO WILL BY THEN HAVE PREPARED SPECIFIC PROPOSALS. THIS ISSUE CAN BE RESOLVED, HE CONTINUED, EVEN BEFORE OVERALL TALKS COMMENCE ON FURTHER STEPS TO IMPLEMENT HELSINKI DECLARATION.

12. TRAVEL BY JOURNALISTS: WITH REGARD TO TRAVEL BY FOREIGN CORRESPONDENTS, IT WAS PUJA'S VIEW THAT THERE HAVE NOT BEEN MAJOR PROBLEMS. MATTER OF MULTIPLE ENTRY VISAS FOR CORRESPONDENTS BASED IN NEIGHBORING COUNTRIES WHO REGULARLY VISIT HUNGARY IS PRESENTLY UNDER CONSIDERATION; AND IT IS LIKELY THAT GOH WILL IN DUE COURSE BE PREPARED TO MAKE PROPOSALS ON BASIS OF STRICT RECIPROCITY.

13. WITH RESPECT TO VISAS FOR CORRESPONDENTS OF THE VOA HUNGARIAN SERVICE, PUJA SAID THE GOH CANNOT ALTER ITS ALREADY STATED POSITION; NAMELY, THAT EACH VISA REQUEST WILL CONTINUE TO BE JUDGED ON AN INDIVIDUAL BASIS.

14. VISA FACILITATION: GOH WELCOMES RECENT EMBASSY PROPOSALS TO SIMPLIFY AND FACILITATE ISSUANCE OF VISAS (BUDAPEST 537); AND PUJA PERSONALLY BELIEVES THAT BOTH SIDES COULD GO EVEN FURTHER IN THIS AREA. GOH, HE SAID, ISSUES VISAS TO AMERICAN CITIZENS WITHIN 48 HOURS. IN FACT, MANY ARE EVEN ISSUED ON THE SPOT AT THE BORDER. WHILE STRESSING THAT VISA ISSUANCE POLICY IS U.S. DOMESTIC AFFAIR, PUJA SAID MORE RAPID AND LESS CUMBERSOME ISSUANCE FOR HUNGARIANS WOULD IMPROVE POLITICAL ATMOSPHERE.

15. DIVIDED FAMILIES: ON FAMILY REUNIFICATION QUESTIONS, CONFIDENTIAL

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PUJA ADMITTED THAT THERE HAVE BEEN DELAYS AND OCCASIONAL REFUSALS OF EMIGRATION REQUESTS. THESE ARE LIKELY TO CROP UP FROM TIME TO TIME IN FUTURE AS WELL; BUT IT WAS APPARENT THAT GOH, WHILE ADHERING TO ITS LAWS, HAS BENEVOLENT ATTITUDE AND DOES TAKE HUMANITARIAN CONSIDERATIONS INTO ACCOUNT. MESTERHAZY CASE WAS ONE EXAMPLE, AS WAS RECENT GRANTING OF A VISA TO VISIT HUNGARY FOR ALADAR SZEGEDY-MASZAK, WHOM PUJA CHARACTERIZED AS "AN EXTREME RIGHT-WING EMIGRE." USG DOUBTLESS AWARE THAT OVERWHELMING MAJORITY OF HUNGARIAN EMIGRES WHO WISH TO RETURN PROMPTLY RECEIVE VISAS ALLOWING THEM TO DO SO. IN THOSE RARE AND ISOLATED INSTANCES WHEN VISA APPLICANT IS REFUSED, ONE CAN BE CERTAIN THAT THERE IS AN IMPORTANT REASON FOR THE ADVERSE DECISION.

16. IN THIS WHOLE AREA, PUJA CONTINUED, MUCH DEPENDED ON MANNER IN WHICH THE QUESTION IS RAISED. "IF THE NOISE IS TOO GREAT, IT TENDS TO BECOME A QUESTION OF PRESTIGE." SOMETIMES U.S. MAKES REPRESENTATIONS TO GOH ON BEHALF OF INDIVIDUALS WHO ARE NOT YET AMERICAN CITIZENS; IT WOULD BE PREFERABLE, HE SAID, IF SUCH REPRESENTATIONS WERE LIMITED TO THOSE WHO ARE ALREADY AMERICAN CITIZENS. THEN SITUATION IS TOTALLY DIFFERENT IN NATURE AND MUCH MORE MANAGEABLE FOR MFA IN BUDAPEST.

17. PUJA EXPRESSED HOPE THAT U.S. WILL TREAT SIMILAR HUNGARIAN REQUESTS WITH THE SAME UNDERSTANDING AND FLEXIBILITY. HE REFERRED VAGUELY TO CASES HE HAD "HEARD ABOUT" WHERE THE STATE DEPARTMENT DECLARED IT COULD NOT INTERFERE WITH DECISIONS TAKEN BY OTHER

AGENCIES ON THE BASIS OF U.S. LAW. YET HUNGARIAN
MINISTRY OF FOREIGN AFFAIRS IS SOMETIMES ASKED TO DO
THAT VERY THING, EVEN THOUGH--AS EVERY DIPLOMAT KNOWS--
DEALING WITH OTHER GOVERNMENT AGENCIES IN ONE'S
OWN CAPITAL IS OFTEN FAR MORE DIFFICULT THAN DEALING
WITH FOREIGN MINISTER OF FOREIGN COUNTRIES.

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18. EMIGRE ACTIVITIES IN U.S.: PUJA THEN SAID HE
HESITATED TO RAISE HIS LAST TOPIC, BUT SINCE THE TALK
HAD BEEN SO FRANK AND OPEN AND AMICABLE HE WOULD VENTURE
TO EXPRESS A THOUGHT REGARDING CERTAIN "HOSTILE HUNGARIAN
EMIGRE GROUPS" IN U.S. PUJA REPEATED THAT GOH HAS NO
PROBLEM WHATEVER WITH OVERWHELMING MAJORITY OF HUNGARIAN-
AMERICANS BUT THERE ARE SOME SMALL GROUPS WHICH CONTINUE
TO NOISILY, PROVOCATIVELY, AND FALSELY ATTACK HUNGARY AT
EVERY TURN. GOH WELL AWARE THAT ACCORDING AMERICAN LAWS
USG CANNOT PROHIBIT THESE ACTIVITIES; BUT GOH NOT
INDIFFERENT AS TO WHETHER SUCH HOSTILE GROUPS ARE BEING
OFFICIALLY ENCOURAGED OR DISCOURAGED. GOH WOULD WELCOME
FEWER INSTANCES WHERE SUCH ORGANIZATIONS ARE ABLE TO
CREATE IMPRESSION THEY ARE RECEIVING OFFICIAL ENCOURAGEMENT
OR GOVERNMENTAL SUPPORT. WHILE GOH DOES NOT GIVE MUCH
CREDENCE TO ALLEGATIONS IN EMIGRE PRESS, THERE ARE REPORTS
NOW AND AGAIN THAT ONE OR ANOTHER GROUP WAS RECEIVED
OFFICIALLY, ALTHOUGH NUMBER OF THESE REPORTS HAS

DIMINISHED CONSIDERABLY IN RECENT TIMES. FONMIN SAID THAT HE DID NOT RAISE THIS SUBJECT WITH AMERICAN AMBASSADOR BECAUSE HE ATTACHES OVERLY GREAT SIGNIFICANCE TO IT BUT SIMPLY AS A THOUGHT.

19. PUJA CONCLUDED HIS PRESENTATION (AT 1318 HOURS)
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BY RE-EMPHASIZING POSITIVE TRENDS IN DEVELOPMENT OF RELATIONS, ESPECIALLY DURING THE LAST YEAR.

20. MCAULIFFE'S RESPONSE: MCAULIFFE THANKED PUJA FOR HIS FRANK, COMPREHENSIVE, IN-DEPTH EXPOSITION OF BILATERAL RELATIONS. HE AGREED THAT NORMALIZATION PROCESS IS PROCEEDING APACE.

21. CROWN OF ST. ISTVAN: ON THE CROWN, MCAULIFFE SAID THAT SECRETARY KISSINGER AND DEPUTY SECRETARY INGERSOLL HAD INDEED TAKEN OFFICIAL NOTE OF HUNGARIAN STATEMENTS ON THE SUBJECT. AT THE DEPUTY SECRETARY'S REQUEST, HIS EMBASSY HAD PREPARED AND SUBMITTED TO THE DEPARTMENT OF STATE A FAIRLY LENGTHY BUT PRELIMINARY STUDY OF THE MATTER; AND HE HAD LATER RECEIVED A COMMUNICATION INDICATING THAT ADDITIONAL WORK WAS BEING DONE IN WASHINGTON JUST AS MR. INGERSOLL HAD PROMISED. HE THEREFORE HAD EVERY REASON TO BELIEVE MATTER WAS BEING TAKEN SERIOUSLY IN WASHINGTON AND WAS RECEIVING CAREFUL STUDY. HAVING EMPHASIZED THAT HE WAS SPEAKING PERSONALLY AND WITHOUT INSTRUCTIONS, MCAULIFFE SAID THAT IN HIS VIEW IT WOULD DEFINITELY NOT BE HELPFUL TO HUNGARY OR TO U.S. IF GOH WERE TO SUBMIT A FORMAL NOTE REQUESTING RETURN OF ROYAL CROWN. AS FONMIN DOUBTLESS AWARE, MANY WRITTEN DOCUMENTS HAVE RECENTLY "LEAKED" TO MEDIA WITH RESULTING EMBARRASSMENT TO USG AND FOREIGN NATIONS. MOREOVER, IT WAS MCAULIFFE'S VERY PERSONAL HUNCH THAT AN ELECTION YEAR WAS NOT THE MOST PROPITIOUS TIME TO BE SANGUINE ABOUT PROSPECTS FOR RESOLUTION OF SUCH AN ISSUE. HE SAID HE WOULD TRY TO OBTAIN AN AUTHORITATIVE RESPONSE TO PUJA'S QUESTION FROM WASHINGTON WHICH HE MIGHT CONVEY ORALLY.

22. CSCE IMPLEMENTATION: MCAULIFFE SAID U.S. IS ALREADY BEGINNING TO TURN ITS ATTENTION TO PREPARING FOR 1977 BELGRADE CONFERENCE. IT WAS ALWAYS IMPORTANT THAT GOVERNMENTS INSURE THAT GENERAL PUBLIC NOT GET UNREALISTIC EXPECTATIONS OF RESULTS THAT WOULD FLOW FROM CSCE; IT REMAINED SO. ON OTHER HAND AMERICAN POLITICAL LEADERS AND THOSE FROM 34 OTHER SOVEREIGN STATES HAD SUBSCRIBED TO HELSINKI DECLARATION; AND MEN AND WOMEN EVERYWHERE HAD
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RIGHT TO EXPECT EVIDENCE OF PALPABLE RESULTS WHEN BELGRADE CONFERENCE OPENS 24 MONTHS AFTER HELSINKI SIGNING. ORDINARY MEN AND WOMEN IN ALL 35 SIGNATORY STATES WITNESS IN PRESS, RADIO AND TELEVISION MANY MORE OFFICIAL VISITS AND MANY MORE SIGNINGS OF BILATERAL AND MULTILATERAL AGREEMENTS AMONG GOVERNMENTS; BUT WHAT MOST OF THEM WANT ARE TANGIBLE BENEFITS THAT WILL IMPROVE AND ENRICH THEIR DAILY LIVES. OFFICIAL GOVERNMENT-TO-GOVERNMENT ACTIVITIES ARE ESSENTIAL BUT THEY ARE IMPORTANT ONLY IN SO FAR AS THEY YIELD BENEFITS FOR PEOPLE. POLITICAL LEADERS FROM AMERICA AND OTHER STATES SIGNED THE HELSINKI DECLARATION AND PUBLIC OPINION IN ALL COUNTRIES WILL CERTAINLY HOLD ALL SIGNATORIES ACCOUNTABLE IN DUE COURSE FOR POSITIVE AND BENEFICIAL RESULTS. IF THE HOPES OF MILLIONS OF PEOPLE ARE BLASTED, THERE WILL CERTAINLY BE WIDESPREAD DISILLUSION IN MANY LAND; AND THAT FEELING CAN TRIGGER LEADERSHIP CHANGES AND EVEN ALTER POLICIES. THEREFORE BELGRADE CONFERENCE IS IMPORTANT.

23. U.S. VISA POLICY: MCAULIFFE EXPLAINED TO PUJA AT SOME LENGTH THE COMPLEXITY OF U.S. IMMIGRATION LAW AND VISA REGULATIONS, PARTICULARLY THE DIFFERENCE BETWEEN IMMIGRANT AND NON-IMMIGRANT VISAS. FURTHER THE U.S. UNLIKE ALL SOCIALIST AND MOST CAPITALIST COUNTRIES EXERCISES NO INTERNAL CONTROLS ON MOVEMENTS OF FOREIGNERS ONCE THEY CROSS THE AMERICAN BORDER. THEREFORE VISA ISSUANCE IS VERY SERIOUS BUSINESS AND REGULATIONS MUST BE INTERPRETED STRICTLY; THAT IS NOT TO SAY, HOWEVER, THAT WORK CANNOT BE DONE EVEN MORE EFFICIENTLY AND THE PROCESS SPEEDED UP SO THAT TRAVELERS WILL ENCOUNTER ONLY MINIMAL DELAY. IN ITS DOMESTIC SYSTEM AND IN ITS DEALINGS WITH FOREIGN VISITORS U.S. IS UNIQUE.

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24. INFORMATION MATTERS: ON QUESTION OF INFORMATION RESTRICTIONS, MCAULIFFE REMINDED PUJA THAT THE U.S. HAD UNILATERALLY LIFTED COMPARABLE RESTRICTIONS ON THE HUNGARIAN EMBASSY IN WASHINGTON IN 1969--SEVEN YEARS AGO. AMERICAN AUTHORITIES HAVE WAITED PATIENTLY FOR GOH TO TAKE RECIPROCAL ACTION. ANOTHER TWO WEEKS DID NOT MATTER ALL THAT MUCH; BUT HE HAD HONESTLY HOPED THAT GOH HAD INTENDED TO END ITS DISCRIMINATION AGAINST AMERICAN EMBASSY DURING THIS VERY MEETING. HE HAD BROUGHT WITH HIM NOTE ACCEDING TO OFFICIAL HUNGARIAN REQUEST FOR ACTION IN ANOTHER UNREALTED FIELD (BUDAPEST 478); BUT NEITHER MATTER IS ACTUALLY ALL THAT URGENT. SO AMBASSADOR OR CHARGE WILL DELIVER THIS NOTE TWO WEEKS HENCE. MCAULIFFE AGAIN SAID AMERICAN EMBASSY SEEKS AND EXPECTS TO BE ACCORDED EXACTLY SAME TREATMENT AS OTHER WESTERN EMBASSIES OPERATING IN BUDAPEST.

25. DIVIDED FAMILIES: MCAULIFFE PRAISED DILIGENCE OF AMBASSADOR ESZTERGALYOS IN THE U.S. SAYING THAT HIS EXTENSIVE CONTACTS IN WASHINGTON AND HIS TRAVEL TO PITTSBURGH AND OTHER MAJOR CITIES WOULD CERTAINLY CREATE BETTER UNDERSTANDING AND HELFP RESOLVE MANY ISSUES. ON ISSUE OF FAMILY REUNIFICATION, FOR EXAMPLE, MCAULIFFE ACKNOWLEDGED THAT THE NUMBER OF UNRESOLVED CASES PENDING
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IN HUNGARY IS SMALL, THAT IT INVOLVES ONLY A HANDFUL OF PERSONS AND THAT SOME MIGHT SAY ADVERSE POLITICAL EFFECT IS OUT OF ALL PROPORTION TO NUMBERS OF PERSONS INVOLVED. ALTHOUGH FROM TIME TO TIME NEW CASES AROSE, A NUMBER OF CASES WHICH WERE ON INFORMAL LIST WHICH EMBASSY PRESENTED TO CONSULAR DIVISION IN SEPTEMBER 1975 HAD SINCE BEEN RESOLVED. MCAULIFFE THEN PRESENTED PUJA WITH CURRENT EMBASSY LIST ON PENDING FAMILY REUNIFICATION CASES; PUJA LOOKED IT OVER WITH INTEREST RIGHT AWAY AND PROMISED TO STUDY IT CAREFULLY. MCAULIFFE THEN ADDED THAT ALTHOUGH THE NUMBER OF PENDING CASES IS INDEED SMALL, EACH IS

DESERVING AND AMERICAN CONSULAR OFFICERS WILL CONTINUE TO PURSUE EACH REGULARLY WITH CONSULAR DIVISION OF MFA. IT WOULD SEEM THAT AMBASSADOR ESZTERGALYOS' REPRESENTATION WORK WOULD BE EASIER AND PRACTICALLY ASSURED OF SUCCESS IF IN HIS MEETINGS WITH MEMBERS OF U.S. CONGRESS HE COULD STATE THAT THERE WAS NOT ONE SINGLE "DIVIDED FAMILY" CASE PENDING. HE COULD THEN ASSERT THAT GOH'S OBJECTIONS TO PROVISIONS OF TRADE ACT OF 1974--AND ITS UNWILLINGNESS ACCEPT MFN WITH PRECONDITIONS--WAS PURELY A MATTER OF PRINCIPLE.

26. REPLYING TO FONMIN'S EARLIER ALLUSION TO HUNGARIAN "LEGAL PROBLEMS" IN THE U.S. MCAULIFFE SAID HE PERSONALLY BELIEVE THAT AMBASSADOR ESZTERGALYOS COULD IN TIME, AS A RESULT OF HIS EXTENSIVE TRAVEL AND INCREASING CONTACTS IN MANY LEVELS OF AMERICAN SOCIETY, ALLEVIATE MANY OF THEM. ALTHOUGH WITHOUT SPECIFICS, MCAULIFFE UNDERSTOOD THESE PROBLEMS INVOLVED HUNGARIAN NATIONALS CAUGHT UP IN GUARDIANSHIP, DIVORCE AND SIMILAR LEGAL ACTIONS PENDING BEFORE COURTS. A JUDICIAL PROCESS PENDING BEFORE AN AMERICAN OR HUNGARIAN COURT IS DIFFERENT IN ESSENCE THAN ADMINISTRATIVE ACTIONS TAKEN BY MINISTRIES IN BUDAPEST OR DEPARTMENTS IN WASHINGTON. HE COULD ASSURE FONMIN FROM PERSONAL FIRSTHAND KNOWLEDGE THAT DEPARTMENT OF STATE HAD INTERVENED WITH OTHER FEDERAL AGENCIES ON NUMEROUS OCCASIONS ON MATTERS IN WHICH GOH HAD INTEREST; AND THE VIEWS EXPRESSED BY THE DEPARTMENT OF STATE HAVE INVARIABLY REGISTERED. PUJA INTERJECTED THAT GOH AWARE OF THREE BRANCHES OF USG AND UNDERSTANDS "SEPARATION OF POWERS." MCAULIFFE SAID CONFIDENTIAL

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THIS IS TRUE; BUT U.S. IS ALSO NOT A CENTRALIZED GOVERNMENT; IT IS A UNION OF STATES; AND STATES, COUNTIES AND MUNICIPALITIES CONDUCT THEIR OWN AFFAIRS, RAISE THEIR OWN TAXES, AND HANDLE CIVIL AND CRIMINAL CASES IN THEIR OWN LAW COURTS OVER WHICH WASHINGTON HAS NO JURISDICTION AND NO INFLUENCE WHATEVER. AND DIVORCE AND GUARDIANSHIP CASES ARE NORMALLY DECIDED IN THOSE COURTS, NOT IN FEDERAL ONES. HOWEVER, AS AMBASSADOR ESZTERGALYOS BECAME BETTER ACQUAINTED WITH THE AMERICAN CITIZENRY, ESPECIALLY IN NEW JERSEY, OHIO AND ILLINOIS WHERE A GREAT MANY HUNGARIAN-AMERICANS RESIDE, AND WITH THEIR ELECTED REPRESENTATIVES IN THE CONGRESS, IT SHOULD PROVE POSSIBLE TO IMPROVE UNDERSTANDING AND BY INFORMAL MEANS ALLEVIATE THE TYPES OF PROBLEMS WHICH FONMIN HAD CITED.

27. DISCRIMINATION: WITH RESPECT TO THE BASIC ATTITUDE OF THE USG AND THE WILLINGNESS OF THE DEPARTMENT OF STATE TO SPEED NORMALIZATION PROCESS, MCAULIFFE CITED NUMBER OF

1975 HIGH-LEVEL VISITS TO HUNGARY BY SENIOR AMERICANS WHO POSSESS REAL POWER. HE AGREED WITH PUJA THAT THEY HAD BEEN MOST USEFUL. HE WELCOMED PUJA'S OFFICIAL ASSURANCE THAT GOH WOULD WELCOME MORE SUCH VISITS WITH GREATER SUBSTANTIVE CONTENT FOR THAT STATEMENT SERVED TO DISPEL CERTAIN OF HIS OWN MISGIVINGS. THE U.S. RESPECTS MAGYAR SENSIBILITIES AND TRIES TO UNDERSTAND HUNGARY'S UNIQUE POLITICAL SITUATION. THE U.S. DOES NOT WISH TO FORCE ITS ATTENTIONS ON HUNGARY OR EMBARRASS THE LATTER IN ITS RELATIONS WITH OTHER STATES BY DOING SO. POSITION OF USG WITH RESPECT TO WHAT GOH TERMED "DISCRIMINATORY" PROVISIONS OF TRADE ACT OF 1974 ALREADY MATTER OF PUBLIC RECORD AND WELL KNOWN TO GOH. BUT IN OTHER FIELDS EMBASSY BUDAPEST AND DEPARTMENT OF STATE HAD MADE SEVERAL SUCCESSFUL UNPUBLICIZED ENDEAVORS TO INSURE THAT HUNGARY RECEIVES EQUITABLE, EVEN-HANDED TREATMENT. IN THAT REGARD MCAULIFFE CITED TUNGSRAM-FAIRCHILD EXPORT CONTROL CASE (75 STATE 282985) AND AMERICAN INITIATIVE, APPROVED BY STATE AND DEFENSE, INVITING HUNGARIAN FOREIGN TRADE BANK AND TERIMPEX TO SUBMIT BIDS LOOKING TOWARD POSSIBLE DOLLAR SALE OF HUNGARIAN BEEF TO DEFENSE SUPPLY AGENCY FOR CONSUMPTION BY USEUCOM FORCES (75 BUDAPEST 3485). PUJA MADE NOTES.

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

FCSC-01 SAJ-01 EB-07 TRSE-00 ACDA-05 OMB-01 IO-11

OIC-02 DLOS-04 /091 W

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P 160702Z MAR 76

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC PRIORITY 5498

C O N F I D E N T I A L SECTION 5 OF 5 BUDAPEST 0792

28. EMIGRE GROUPS: ON THE QUESTION OF EMIGRES RESIDENT IN AMERICA, MCAULIFFE MADE IT CRYSTAL CLEAR THAT THE USG DOES NOT FUND, SUPPORT OR ENCOURAGE THE ACTIVITIES OF SUCH

GROUPS. ON THE OTHER HAND HE ALSO POINTED OUT THAT AS AMERICAN CITIZENS THEY ARE FREE MEN LIVING IN A FREE COUNTRY WITH A FREE PRESS UNDER REPRESENTATIVE GOVERNMENT. THEY HAVE EVERY RIGHT TO BE HEARD BY THEIR GOVERNMENT AND TO PUBLICIZE, WITHIN THE LAW, THE VIEWS THEY PRESENTED.

29. FACILITATION OF TRADE: COMING BACK TO ECONOMIC AND TRADE SUBJECTS, MCAULIFFE SAID THE TUNGSRAM-FAIRCHILD ARRANGEMENT SHOULD YIELD BENEFITS TO BOTH PARTIES AS SHOULD RADELCOR, THE FIRST JOINT US-HUNGARIAN ENTERPRISE LAUNCHED IN DECEMBER 1975 BY CORNING GLASS AND RADELKIS. PANAM OPERATIONS SEEMED TO BE PROCEEDING SMOOTHLY; AND MCAULIFFE HOPED FONOFF AND OTHER HUNGARIAN AUTHORITIES WOULD BE EQUALLY HELPFUL IN ASSISTING FIRST NATIONAL CITY BANK WHICH HAD ENCOUNTERED CERTAIN DELAYS TO ESTABLISH A PERMANENT REPRESENTATION IN BUDAPEST. HE POINTED OUT THAT IMPORTANT TRADE AND COMMERCIAL ADVANTAGES COULD ACCURE TO HUNGARY IF GOH WERE TO ISSUE MULTIPLE ENTRY VISAS TO BUSINESSMEN RESIDENT IN EUROPE REPRESENTING AMERICAN COMPANIES AND REGULARLY DOING BUSINESS WITH HUNGARIAN FIRMS. SUCH ACTION WOULD ENGENDER CONFIDENTIAL

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MORE GOODWILL, MORE SALES IN BOTH DIRECTIONS, BETTER SERVICES AND LOWER PRICES. PUJA REPLIED THAT THIS IDEA IS ALREADY UNDER STUDY.

30. GOH MILITARY AGREEMENT SYSTEM: MCAULIFFE SAID THAT SOME MONTHS AGO THE EMBASSY PROPOSED THAT THE TWO COUNTRIES AGREE TO ABOLISH THE "SILLY, STUPID BUREAUCRATIC" REQUIREMENT THAT THERE BE AN AGREEMENT ON THE ACCREDITATION OF THE TWO COUNTRIES' MILITARY ATTACHES. BOTH GOVERNMENTS POSSESS ADQUATE MEANS TO PREVENT THE ARRIVAL OR TO TERMINATE THE WORK OF EACH OTHER'S ATTACHES IN THEIR RESPECTIVE COUNTRIES IF THAT NEED SHOULD EVER ARISE. THIS TIME-CONSUMING BUREAUCRATIC REQUIREMENT HAD BEEN IMPOSED BEFORE WORLD WAR II BY AN EARLIER HUNGARIAN GOVERNMENT. THE PRESENT GOH, WE UNDERSTAND, DOES NOT HAVE SUCH A DISCRIMINATING ARRANGEMENT WITH THE UK; THE U.S. HAS NO SUCH SYSTEM WITH THE USSR IN WASHINGTON AND MOSCOW. IT IS A SMALL MATTER BUT IT IS ANNOYING.

31. LAW OF SEA CONFERENCE: FINALLY, MCAULIFFE VERY SUCCINCTLY DESCRIBED U.S. POSITION ON UPCOMING LOS CONFERENCE AND GAVE PAPER DRAWN FROM STATE 054538 TO FONMIN. PUJA SAID HE WOULD READ PAPER AND WOULD HAVE "HIS EXPERTS", DEPFONMIN SZARKA AND DR. PRANDLER, STUDY IT.

32. THE PARTICIPANTS (PUJA, BANLAKI, MCAULIFFE, DACHI)

EXCHANGED WARM COURTESIES AS MEETING CONCLUDED AT 1400;
AND DEPARTED EXHAUSTED, HOARSE AND HUNGARY.

33. COMMENT: PUJA DID NOT RUN TRUE TO FORM ON MARCH 10.
HE WAS RELAXED, AT NO POINT OVERBEARING OR POMPOUS,
AND GAVE EVERY IMPRESSION OF WANTING TO ENTER INTO
SUBSTANTIVE DIALOGUE ON VARIETY OF TOPICS WITH U.S.
HE WAS FAMILIAR WITH HIS BRIEF; HE WAS ATTENTIVE THROUGH-
OUT AND TOOK EXTENSIVE NOTES; HE TWICE DISREGARDED THE
BUZZER ON HIS INTEROFFICE PHONE AND ONCE DISMISSED HIS
SECRETARY WHEN SHE BROUGHT HIM A NOTE. HIS SEVERAL
EFFORTS TO EXPLAIN AWAY "MISUNDERSTANDINGS" THAT
OCCURRED DURING DUTCH FONMIN'S FEBRUARY 17-FEBRUARY 19
BUDAPEST VISIT CAME CLOSE TO BEING APOLOGETIC IN TONE.
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THERE MUST BE A REASON FOR PUJA'S UNCHARACTERISTIC BEHAVIOR;
AND AT THIS POINT ONE CAN SUPPLY NONE.

34. ACTION REQUESTED: PLEASE PROVIDE OFFICIAL ANSWER
TO PUJA'S QUESTION ABOUT CROWN OF ST. ISTVAN (PARA. 7
ABOVE) WHICH MCAULIFFE CAN COMMUNICATE TO FONMIN ORALLY.
MCAULIFFE

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NNN

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